GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:922
ANSWERED ON:17.08.2007
GUIDELINES OF RBI & NABARD
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Will the Minister of FINANCE be pleased to state:

(a) whether the District Co-operative Batiks of Gujarat are not following the guidelines of Reserve Bank of India and NABARD;

(b) if so, the details thereof and reaction of the Government thereon;

(c) the number of cases of the violation of said guidelines that have came to the notice of the Government during the lasit three years;

(d) the action taken by the Government against Co-operative Banks in Gujarat, bank-wise; and

(e) the outcome of the action taken so far?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (e): Reserve Bank of India has issued various instructions and guidelines to State Cooperative Banks (SCBs) and District Central Cooperative Banks (DCCBs) under regulatory powers entrusted under the Banking Regulation Act, 1949. Under Section 35 of B.R.Act 1949 (AACS) NABARD is empowered to conduct statutory inspections of the DCCBs. The deficiencies observed and the Inspection Report are forwarded to the bank concerned for compliance and, for infoimation and necessary action to RBI. In majority of the cases, deficiencies are rectified within the stipulated time frame. However, the persisting deficiencies are followed up by NABARD in the subsequent inspections.

Violation of RBI and NABARD guidelines have been found in case of 20 Cooperative Banks in Gujarat. Based on these inspections, following action has been initiated against three DCCBs:

(a) Panchmahal DCCB - The Bank`s Board was superseded based on the directions issued by RBI vide letter dated 10 May 2003 on account of the deteriorating financial condition of the bank. The term of the Administrative Committee was extended up to May 2007 by the RCS vide letter dated 11 May 2006.

(b) Surendranagar DCCB -The Bank`s Board was superseded by the Registrar of Cooperative Societies (RCS) vide order dated 27` July [2006 and an Administrator was appointed.